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June 11, 1996

MUR 4379

Lawrence Noble, Esq.
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re. Complaint of Michael J. Schroeder

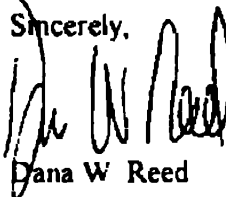
Dear Mr. Noble.

Enclosed please find the original and two (2) copies of a declaration of Michael J. Schroeder, the contents of which have been sworn to and signed in the presence of a notary public and notarized pursuant to 11 CFR §111.4(b)(2) as well as three (3) copies of an article from the April 2, 1996 edition of *The Los Angeles Times*

I trust that the enclosed documents comply with all requirements for the filing of a complaint with the Federal Election Commission

Should you have any questions or wish additional information from Mr. Schroeder, please feel free to contact me at your convenience

Sincerely,



Dana W Reed

cc: Michael J. Schroeder

Jun 16 1996

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
JUN 17 10 03 AM '96

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DECLARATION OF MICHAEL J. SCHROEDER

I, MICHAEL J. SCHROEDER, DECLARE:

1. The full name and address of the complainant is:

Michael J. Schroeder

Santa Ana, CA 92707

2. The proposed respondents are:

The Orange County Democratic Central Committee
(aka Orange County Democratic Party)

Jim Toledano, Chairman of the Orange County Democratic
Central Committee

Jim Prince, an unsuccessful candidate for the Democratic
nomination in California's 46th Congressional District.

Debra Lee LaPrade, the sister of Jim Prince

Paul LaPrade, the brother-in-law of Jim Prince

3. A recitation of the facts which describe violations of the Federal Election Campaign Act and the regulations issued by the Federal Election Commission follows. All allegations are made on information and belief and emanate from reports published in the *Los Angeles Times*, a copy of which is enclosed for your records.

A. Prior to the pre-election report due for the March 26, 1996 California Primary, Mr. Toledano and/or the Orange County Democratic Central Committee received payments of \$5,000 or more from Debra Lee LaPrade and Paul LaPrade to be used in support of the election of Jim Prince to California's 46th Congressional District. No pre-election report of any kind was filed disclosing the receipt of said payments.

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B The monies were used to finance a mailer supporting the candidacy of Mr. Prince which was mailed after the 20th day, but more than 48 hours, before 12:01 a.m. of the day of election. No 48 hour notification was filed

C. Even though the mailer supporting Mr. Prince's candidacy expressly advocated his election, the required disclaimer was not included.

D. Finally, the payments by Debra Lee LaPrade and Paul LaPrade caused both of them to exceed applicable contribution limits

I declare under penalty of perjury that the foregoing declaration is true and correct to the best of my knowledge.

Executed on June 5, 1996 at Santa Ana, California



Michael J. Schroeder

28044204451

State of California

County of Orange

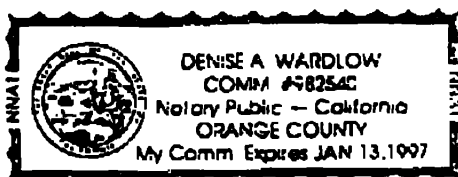
JOSEPH L. SANCHEZ, being duly sworn, deposes and says: That he/she is over the age of 18 years and has resided in the State of California for more than five years.

Signature _____

Michael J. Gaudes
Print Name

Subscribed and sworn to before me on _____, 1980.

Denise A. Wardlow
DENISE A. WARDLOW
Notary Public, Commission No. 982540
My Commission Expires January 13, 1997



CHAIRMAN'S ACTIONS ANGER O.C.

DEMOCRATS;

Tuesday, April 2, 1996

Orange County Edition

Section: PART A

Page: A-1

By REBECCA TROUNSON
TIMES STAFF WRITER

Just days before the March 26 primary, Orange County's
Democratic

Party chairman received \$10,000 from a donor who might
have violated

federal campaign contribution limits and spent it on a last-
minute

mailer--unilateral actions that have angered local
Democratic leaders.

The contributor, Debra Lee LaPrade of Paradise Valley,
Ariz., sister

of unsuccessful congressional candidate Jim Prince, had
already reached

the limit allowed for individual donations to her brother's
campaign

before making the 11th-hour contribution to the county
Democratic Party,

federal election records show.

Party Chairman Jim Toledano, by his own account, did not
consult his

executive board in deciding to spend LaPrade's contribution
on a mailer

for Prince--who was endorsed by the state Democratic Party
in the 46th

ran without an
opponent in Tuesday's 69th Assembly District primary.
His actions have already prompted one call for his
resignation and
caused the party's treasurer, David Levy, to declare he will
resign at a
meeting tonight, in part because of his concern over the
legality and
ethics of Toledano's decisions.
"I am perturbed, to say the least," said Levy, who fired off
letters
last week to the Federal Election Commission and the
Orange County
registrar of voters disavowing any involvement.
"I'm the treasurer and the person responsible for doing our
financial
reports," he said. "Whatever happens as a result of this, I
want to make
it clear that I am not responsible for it."
Toledano said he accepted the unsolicited donation,
discussed with
LaPrade how it should be spent, and opened a bank account-
to which he
was the only signatory--specifically for that purpose. He
said that he
was unaware the contributor was Prince's sister.
According to FEC regulations, the contribution might have
exceeded
limits that apply to federal candidates because, if LaPrade
earmarked the
money for Prince as Toledano said she did, she spent more
than the \$1,000
allowed to benefit any single candidate in an election.
"I don't know how this can be ethical under any name," said
Michael D.

Farber, one of Prince's opponents in last week's primary, who called Monday for Toledano's resignation. "This money didn't go to the [Democratic] Party and the party didn't make the decision how to spend it. Jim Toledano made the decision unilaterally, and it seems to me he has abused his power." Toledano, an attorney who has led the local Democratic Party for 15 months, said he did nothing wrong and has no plans to resign. "This is so damn counterproductive," he said. "It's a tempest in a teapot." Prince--who placed third in the primary behind Loretta Sanchez and Farber--confirmed Monday that LaPrade is his older sister, but said he was not aware of her donation to the Democratic Party until he was contacted by a reporter. He said he and his sister speak only every few weeks.

*

Some time ago, Prince said, his campaign had discussed the idea of giving the local Democratic Party some money to publicize his candidacy and the state party's endorsement of him. "But that idea died out because we didn't have enough money," he said. Prince said he had no idea how his sister came to contact Toledano.

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"But my whole family was very enthusiastic about the campaign," he said. "If my sister did something inappropriate, I will make every effort to find out about it."

Prince's father, Harvey Prince of Marina del Rey, said, however, that he was aware of his daughter's contribution. "The money was given to use for the Democratic Party to get the vote out because you need turnout to beat a Republican," Harvey Prince said.

LaPrade said Monday that she had called Toledano, identified herself as Prince's sister and told him she had "maxed out" in contributions to her brother's campaign.

"I told him we wanted to give a donation to the Democratic Party to promote voter awareness," LaPrade said. "He said this is how we could give it, and he's an attorney, so I assumed it was a legitimate contribution."

Toledano's actions have irritated local Democratic leaders, who are scheduled to discuss the matter at a meeting of the party's executive board tonight. The board held an emergency session Wednesday, but Toledano was unable to attend and the action was postponed until today.

Campaign statements on file with the Federal Election Commission show that LaPrade, her husband and her three children last June

of \$10,000 to Prince--\$1,000 per family member for his primary campaign and another \$1,000 each for the general election campaign that they hoped would follow. The contributions are the maximum allowed by law.

Because Prince ran third in last week's election, federal law requires that he return the \$5,000 donated for the general election race that he will not be part of.

According to Toledano and LaPrade, it was barely a week before the primary when LaPrade telephoned Toledano at party headquarters, offering to give \$10,000 for a mailer that would educate voters about the party's endorsed candidates, including Prince.

Toledano said he was delighted to accept.

"I looked on it as manna from heaven," he said. "Somebody offers to give a chunk of money and put forth the fact that the party has endorsed certain candidates? You bet I accepted."

As to why anyone from Arizona might want to contribute to a Democratic organization in Orange County, Toledano said he didn't care and didn't ask.

"What her motive was, was entirely irrelevant to me," he said. "My motive was to put the Democratic Party as a whole in front of the voters."

Toledano said he does not recall some details of his

conversation with
LaPrade, including which of them suggested that the mailer
should

encourage Democrats to support Prince and Correa
specifically.

"I didn't take notes. I didn't focus on that, frankly,"
Toledano said.

But he remembers that he and LaPrade had a "mutual
interest" in letting
voters know that the two candidates had won the party's
endorsement.

The red-white-and-blue mailer, drawn up on Toledano's
home computer,

landed the weekend before the primary in the mailboxes of
30,000

Democratic households in central Orange County.

Correa said he was never contacted about the mailer, which
features

Prince's name in type about twice the size of Correa's.

Prince is

pictured on the back; Correa is not.

"Somebody showed me the mailer and I said, 'That's
interesting.' "

Correa said. "But to tell you the truth, it also tweaked me a
bit because

I was trying to be neutral" in the race for the nomination in
the 46th

Congressional District, which overlaps his own district.

Toledano said he called the Federal Election Commission
and the Fair

Political Practices Commission in Sacramento after LaPrade
made her offer

and was assured that he could spend the money for voter
education

purposes without concern for any limits.

He said he could not remember the names of officials he spoke with at either office.

*

Kelly Huff, a spokeswoman for the Federal Election Commission, which regulates campaigns for Congress and other federal offices, said she

could not comment on any specific case. But she said donations to a party committee that are "earmarked" for specific candidates--either by the contributor or by the party committee--count against limits that apply

for candidates, contributors and committees.

Huff said candidates may receive no more than \$1,000 per election--primary or general--from any individual.

Contributors may give

no more than \$1,000 to any candidate for any one election.

Local party

committees and state party committees--together--may contribute no more

than \$5,000 for the benefit of any one candidate per election. Huff said.

"If any individual is 'maxed out' to a particular candidate, anything

they earmark for that candidate, even if it goes through another

committee, would count against their own limit," Huff said.

"They can't

give any more for the specific purpose of helping that candidate."

Local and state party committees that want to play a role in federal

elections also are required to register with the Federal

Election

Commission for a variety of reasons, including receiving and spending more than \$5,000 per year in contributions given for the purpose of influencing federal elections.

Huff said such committees have 10 days to register after meeting any of those circumstances. The Orange County Democratic Party, according to Huff and Toledano, is not registered with the FEC. Times staff writers Peter M. Warren and Lee Romney contributed to this report.

PHOTO: Democratic primary mailer was paid for with last minute contribution.

Descriptors: DEMOCRATIC PARTY (ORANGE COUNTY); POLITICAL CONTRIBUTIONS; POLITICAL CAMPAIGNS -- FINANCES; PRIMARY ELECTIONS; ELECTION LAWS; POLITICAL LITERATURE;

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